



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
MARSHALL COUNTY SHERIFF**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE MARSHALL COUNTY SHERIFF

Calendar Year 2000

The Auditor of Public Accounts has completed the Marshall County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$9,291 from the prior calendar year, resulting in excess fees of \$24,675 as of December 31, 2000. Revenues increased by \$100,769 from the prior year and disbursements increased by \$91,478.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

Notes to the Financial Statements:

The Marshall County Sheriff's Office was awarded two federal grants; two state grants and participates in the Kentucky Law Enforcement Foundation Program.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Mike Miller, Marshall County Judge/Executive
Honorable Terry Anderson, Marshall County Sheriff
Members of the Marshall County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Marshall County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2000, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Mike Miller, County Judge/Executive
Honorable Terry Anderson, Marshall County Sheriff
Members of the Marshall County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated April 19, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 19, 2002

MARSHALL COUNTY
TERRY ANDERSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

Federal Grants:

| | | | |
|--|-----------|----|--------|
| Universal Hiring Grant (Note 6A) | \$ 11,712 | | |
| Community Oriented Policing Services (Note 6B) | 20,277 | \$ | 31,989 |
| | | | |

State Grants:

| | | | |
|---|-----------|--|---------|
| Drug Task Force (Note 7A) | \$ 57,881 | | |
| Kentucky Law Enforcement Foundation Fund (Note 8) | 57,896 | | |
| Equipment Grant (Note 7B) | 2,759 | | 118,536 |
| | | | |

State Fees For Services:

| | | | |
|------------------------------------|-----------|--|--------|
| Finance and Administration Cabinet | \$ 27,781 | | |
| Cabinet For Human Resources | 9,839 | | 37,620 |
| | | | |

Circuit Court Clerk:

| | | | |
|--------------------------|-----------|--|--------|
| Sheriff Security Service | \$ 17,528 | | |
| Fines and Fees Collected | 7,958 | | 25,486 |
| | | | |

Fiscal Court

160,000

County Clerk - Delinquent Taxes

6,375

Commission On Taxes Collected

442,181

Fees Collected For Services:

| | | | |
|--|-----------|--|--------|
| Auto Inspections | \$ 13,335 | | |
| Accident and Police Reports | 1,667 | | |
| Serving Papers | 22,102 | | |
| Carrying Concealed Deadly Weapon Permits | 14,585 | | 51,689 |
| | | | |

Other:

| | | | |
|----------------------------|----------|--|---------|
| Sheriff's Advertising | \$ 9,281 | | |
| Sheriff's Add-On Fees | 60,069 | | |
| Insurance Reimbursement | 15,145 | | |
| School Officer | 14,122 | | |
| Polygraph Testing | 1,325 | | |
| Fire Arms Sales | 7,702 | | |
| Impounded Vehicle | 2,090 | | |
| Reports, Photos, and Tapes | 7,408 | | |
| Miscellaneous | 1,791 | | 118,933 |
| | | | |

Interest Earned

12,606

Borrowed Money:

| | | | |
|-------------------|--|--|---------|
| State Advancement | | | 150,000 |
| | | | |

Total Receipts

\$ 1,155,415

MARSHALL COUNTY
TERRY ANDERSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2000
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

| | |
|------------------------|------------|
| Deputies' Salaries | \$ 675,313 |
| Training Incentive Pay | 2,081 |

Employee Benefits-

| | |
|----------------------------------|-----|
| Employer's Share Social Security | 942 |
|----------------------------------|-----|

Contracted Services-

| | |
|-------------|-------|
| Advertising | 7,988 |
|-------------|-------|

Materials and Supplies-

| | |
|-------------------------------|--------|
| Office Materials and Supplies | 15,431 |
| Uniforms | 18,706 |

Auto Expense-

| | |
|-------------------------|--------|
| Gasoline | 34,510 |
| Maintenance and Repairs | 31,451 |
| Mileage | 4,941 |

Other Charges-

| | |
|--|--------|
| Conventions and Travel | 8,668 |
| Dues | 1,375 |
| Postage | 10,776 |
| Telephone | 2,944 |
| Radio Repair | 1,045 |
| Bond | 1,323 |
| Carrying Concealed Deadly Weapon Permits | 10,070 |
| Transporting Prisoners | 7,267 |
| Breathalyzer Testing | 315 |
| K-9 Expense | 589 |
| Miscellaneous | 11,943 |

Capital Outlay-

| | |
|-------------------|--------|
| Office Equipment | 12,407 |
| Vehicles | 52,220 |
| Officer Equipment | 9,129 |

Debt Service:

| | |
|-------------------|----------------|
| State Advancement | <u>150,000</u> |
|-------------------|----------------|

Total Disbursements

\$ 1,071,434

MARSHALL COUNTY
TERRY ANDERSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2000
(Continued)

| | | | |
|---|----|--------------|-----------------|
| Net Receipts | | \$ | 83,981 |
| Less: Statutory Maximum | | | <u>59,306</u> |
| Excess Fees Due County for Calendar Year 2000 | | \$ | 24,675 |
| Payments to County Treasurer - May 15, 2001 | \$ | 20,066 | |
| April 3, 2002 | | <u>4,609</u> | <u>24,675</u> |
| Balance Due at Completion of Audit | | \$ | <u><u>0</u></u> |

The accompanying notes are an integral part of the financial statement.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent for the first six months of the year and the 7.17 for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent for the first six months and 16.78 percent for the last six months of the calendar year.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Drug Fund

The Marshall County Sheriff's Office has a drug fund established by an order of the Circuit Court. Receipts result from the forfeiture of money and property, donations, and interest. The funds are spent for supplies, equipment, vehicle repairs, and drug awareness programs. The balance as of January 1, 2000 was \$13,861. During the calendar year 2000, there were receipts of \$9,711, and disbursements of \$18,774, leaving a balance of \$4,798 as of December 31, 2000.

Note 5. Drug Awareness Resistance Education Fund

The Marshall County Sheriff's Office has established a DARE Fund. Receipts come from the DARE National Organization Headquarters, donations, and interest. The balance as of January 1, 2000 was \$1,958. During the calendar year 2000, there were receipts of \$5,085 and disbursements of \$2,455, leaving a balance of \$4,588 as of December 31, 2000.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 6. Federal Grants

The Marshall County Sheriff's Office received two federal grants from the U.S. Department of Justice. The Marshall County Fiscal Court was the subgrantee on these two grants and administered these grants to the Sheriff's Office. Both these grants are designed to supplement deputies' salaries for a specified number of years.

A. Universal Hiring Grant

A Universal Hiring Grant was awarded to the Marshall County Sheriff's Office for a period of three years in March 1998 in the amount of \$75,000. During calendar year 2000 funds of \$11,712 were received under this grant.

B. Community Oriented Policing Services Grant

A Community Oriented Policing Services (COPS) Grant was awarded to the Marshall County Sheriff's Office for a period of two years in April 1999 in the amount of \$37,384. During calendar year 2000 funds of 20,277 were received under this grant.

Note 7. State Grants

The Marshall County Sheriff's Office received two state grants from the Kentucky Justice Cabinet. The Marshall County Fiscal Court was the subgrantee on these to grants and administered these grants to the Sheriff's Office.

A. Tri-County Drug Task Force Grant

The Tri-County Drug Task Force Grant was established in October 1999 to help law enforcement agencies combat drug problems in Kentucky and is renewable annually. During calendar year 2000, the Marshall County Sheriff's Office received \$57,881 under this grant program.

B. Local Law Enforcement Block Grant

A Local Law Enforcement Block Grant was awarded to the Marshall County Sheriff's Office for a period of two years in March 2000 in the amount of \$5,000. These funds are required to be used to purchase law enforcement equipment as needed to run the Sheriff's Office. During calendar year 2000, funds of \$2,759 were expended under this grant program.

Note 8. Kentucky Law Enforcement Foundation Program Fund

The Marshall County Sheriff's Office participates in the Kentucky Law Enforcement Training Incentive Program administered by the Kentucky Justice Cabinet. This program is designed to encourage officers to become more adequately trained. Under this program, the Sheriff's Office received \$57,896 during calendar year 2000.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Marshall County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated April 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Marshall County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Marshall County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 19, 2002

